

**STATE OF MICHIGAN
DEPARTMENT OF LABOR & ECONOMIC GROWTH
OFFICE OF FINANCIAL AND INSURANCE SERVICES**

Before the Commissioner of the Office of Financial and Insurance Services

In the matter of:

**J & B Financial Group, L.L.C.
403 Cronin Drive
Dearborn Heights, MI 48127**

Enforcement Case No. 06-4019

AND

**Jalal N. Baydoun, Sole Officer of
J & B Financial Group, L.L.C.**

Respondents

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**Issued and entered,
June 7, 2006
by Linda A. Watters,
Commissioner**

CONSENT ORDER

**I.
BACKGROUND**

E Lending, L.L.C. ("E Lending"), is a Michigan domestic limited liability company, organized under the laws of the State of Michigan, that has made application for licensure as a mortgage broker and lender under the Mortgage Brokers, Lenders, and Servicers Licensing Act ("MBLSLA"), Act No. 173 of 1987, as amended, MCL 445.1651 *et seq.* Jalal N. Baydoun, the sole owner of J & B Financial Group, L.L.C. (Respondents), is the President and the sole owner of E Lending. Respondents are not licensed by the Office of Financial and Insurance Services ("OFIS") pursuant to the MBLSLA or any other consumer finance statute regulated by OFIS. In

reviewing E Lending's application, OFIS staff determined that Respondents were conducting mortgage-related activities, which require licensure as a mortgage broker and lender under the MBLSLA. Respondent and OFIS staff have conferred and have agreed to resolve this matter according to the terms set forth below.

II.

FINDINGS OF FACT AND CONCLUSIONS OF LAW

1. Pursuant to Respondent Jalal Baydoun's Personal Disclosure Statement submitted to OFIS on or about April 21, 2005, Mr. Baydoun was employed by Regional Financial Group, Inc., a licensed Michigan mortgage broker and lender, from 2001 to December 2002. Also, from January 2003 to the present, Mr. Baydoun is an employee of Dynamic Mortgage, Inc., a licensed Michigan mortgage broker and lender.

2. Mr. Baydoun submitted a Form 1099 to OFIS, which shows that in the year 2002 he was the recipient of nonemployee compensation from Regional Financial Group, Inc. in sum of \$38,993.14. An additional Form 1099 for the year 2002 indicates that Respondent J & B Financial Group, L.L.C. (J & B Financial Group), received nonemployee compensation from Dynamic Mortgage, Inc. (Dynamic Mortgage) in the sum of \$69,588.00. In the same year, J & B Financial Group reported compensation to Mr. Baydoun in the sum of \$3,900.00 on a W-2 form.

3. J & B Financial Group is an unlicensed mortgage company formed by Mr. Baydoun on June 24, 2002, for the sole purpose of receiving payment from Dynamic Mortgage for loans originated by Mr. Baydoun.

4. In 2003, Dynamic Mortgage reported compensation via a Form 1099 in the sum of \$587,972.25 to J & B Financial Group. Also, in the year 2003, J & B Financial Group reported

compensation in the sum of \$14,000.01 on a W-2 form to Mr. Baydoun.

5. In 2004, Dynamic Mortgage reported compensation in the sum of \$417,156.00 on a 1099 form to J & B Financial Group.

6. Section 2(1) of the MBLSLA prohibits a person from acting as a mortgage broker, mortgage lender, or mortgage servicer without first obtaining a license or registration.

7. Section 2(3) of the MBLSLA prohibits a residential mortgage loan originator (also known as a loan officer) from receiving directly or indirectly any compensation, commission, fee, points or other remuneration from a mortgage broker, mortgage lender, or mortgage servicer other than his/her employer.

8. Based on the forgoing, Respondents have conducted first lien mortgage business without the requisite license or registration certificate required under Section 2(1) of the MBLSLA.

III. ORDER

Therefore it is ORDERED that:

1. Respondents shall cease and desist violating Sections 2(1) and 2(3) of the MBLSLA.
2. Respondent Jalal Baydoun shall pay to OFIS an applicable civil penalty of \$2000.00.
3. Jalal Baydoun, as President, Vice President, Secretary, and Treasurer of E Lending, L.L.C., shall establish and maintain a program to monitor and ensure compliance with all state and federal consumer laws and regulations relating to all mortgage activity.
4. Jalal Baydoun, as President, Vice President, Secretary, and Treasurer of E Lending, L.L.C., shall educate himself and all employees of E Lending, L.L.C. with respect to all state and

federal consumer laws and regulations, including the Mortgage Brokers, Lenders, and Servicers Licensing Act.

5. Jalal Baydoun shall review and ensure that E Lending, L.L.C. complies with the OFIS Consumer Finance Bulletin No. 2003-09-CF, posted on the OFIS website, which clarifies OFIS' position on employees and branch offices in Michigan.

6. Jalal Baydoun, as President, Vice President, Secretary, and Treasurer of E Lending, L.L.C., shall immediately designate a compliance officer for E Lending, L.L.C., and provide written notification to OFIS of the compliance officer's name and business address, to ensure that E Lending, L.L.C. is in compliance with all applicable state and federal laws. Jalal Baydoun's written notice designating a compliance officer shall accompany his payment of a civil fine as provided for in Paragraph 2 of this Order. Jalal Baydoun, as President, Vice President, Secretary, and Treasurer of E Lending, L.L.C., shall notify the Office of Financial and Insurance Services of any change in designation of the compliance officer within 30 days of such re-designation.

The Commissioner retains jurisdiction over the matters contained herein and has the authority to issue such further Order(s) as she shall deem just, necessary and appropriate in accordance with the provisions of the MBLSLA. Failure by Jalal Baydoun, J & B Financial Group, L.L.C., and E Lending, L.L.C. to abide by the terms and provisions of this Order may result in the commencement of additional proceedings.



Linda A. Watters
Commissioner